

## **Intrapreneurship in Small and Medium-Sized Enterprises**

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**Abstract:** Beginning from the second half of the 1980s the concept of intrapreneurship found an intense interest in the academic and business fields. It is seen that numerous academic studies which are related with intrapreneurship have been done during that time. Although intrapreneurship is attempted to be defined in different ways, the most general sense of intrapreneurship is considered to be entrepreneurship within an existing organization. In this sense, intrapreneurship is regarded as individuals' being involved in the form of entrepreneurial activities within an existing organization. In this study, firstly we defined the concept of intrapreneurship then information about the requirements and dimensions of intrapreneurship, process of creating intrapreneurship, comparison of executives and intrapreneurship, motivation of intrapreneurship, differences of domestic and foreign entrepreneurs and intrapreneurship in SMEs. Finally we were measure intrapreneurship in SMEs by questionnaire at our last part of study.

**Key words :** Intrapreneurship, Small and Medium-Sized Enterprise (SMEs)

### **Introduction**

While the socio-economic development is realized, there takes place periods when societies alter themselves from top to bottom. The first period out of these having left its traces in the history of mankind is that connected people to the domestic life and during which soil was accepted as the most valuable factor for production. This period marks the beginning of agricultural communities. The second of them is the transmission from agricultural community to industrial community, where mass production and consumption gained value and the concept of colonialism was dominant. The third one is information community marked by the transmission from industrial community to what is experienced today, when, besides classic production methods, information is conceptualized as the most essential factor for production and the capital of human is given more importance (Aygün, 2004).

Together with the process of transmission to information community, the rising competition has made people working in organizations even more important. The businesses that want to get advantages in competition have started to allow their workers the opportunities to elicit their creative features.

The concept of Intrapreneurship has been given great interest since the second half of 1980's in academic and business fields. During the period, numerous academic studies have been carried out regarding the topic. In these studies having been carried out, the fact that intrapreneurship activity is a very important factor for the businesses to maintain their existence, grow and make profit was brought out (Jarna and Kaisu, 2003 : 1). In our study, primarily, intrapreneurship is theoretically discussed in detail. After mentioning about intrapreneurship in SMEs the methodology, data and versions are defined in practice part. In result part, the results of the survey are evaluated.

### **Entrepreneurship, Administration And Intrapreneurship**

The concepts of entrepreneurship and intrapreneurship are used today to a great extent in the literature and discussions of administration (Luchsinger and Bagby 1987 : 10). The eminence of entrepreneurship and intrapreneurship began to increase in USA with the interest in productivity.

The entrepreneur is defined as somebody who has an independent capacity and who can take over the risk of starting a fruitful activity and maintaining it (Luchsinger and Bagby 1987 : 10). Intrapreneurs are the creative individuals who have the entrepreneur soul within an institution, who see the opportunities for innovation and catch it, and who not only innovate but also can turn their ideas and models into increase for their institution's profits and competitive power. Pinchott defines entrepreneur as the dreamer who takes over the responsibility for each kind of creativity within an organization.

An intrapreneur is a person who moves with a entrepreneurial spirit in a big organization. Intrapreneurs are leaders in converting new ideas to realities (Parboteeah, 2000 : 48). They are action – focussed and goal – oriented. Whatever happens, they are ready to achieve their aims. They are not only good thinkers, but also planners. When face to face with a success, they present an optimist attitude. They regard unsuccess as a latency that is temporary. They do not blame people for their failure, but instead, they focus on how they can do better (Kuratko and Hodgetts, 2000 : 213).

Pinchott states that intrapreneurs have their peculiar principles and puts forward 10 conditions related to an intrapreneur. These are (Kuratko and Hodgetts, 2000 : 14):

- 1- Coming to work in high excitement and willingness everyday,
- 2- Nobody's preventing their dreams,
- 3- Preparing projects for work despite their not being necessary,
- 4- Creating networks to help people,
- 5- Constructing team – spirit,
- 6- Curiosity for inventions,
- 7- Dedicatedness to work and honesty,
- 8- Being forgiving,
- 9- Being realists regarding goals, and
- 10- Having a strong vision.

Although the concepts of entrepreneur and intrapreneur have similar qualities, there are nuances between them. The most important difference is that, the intrapreneur acts in an environment in an already present organization whereas the entrepreneur prepares his/ her environment for him/ herself. Another difference is that the entrepreneur takes over more risk than the intrapreneur. Failure might cause an entrepreneur to go bankrupt while the intrapreneur is an employee (Luchsinger and Bagby, 1987 : 12).

The studies having been carried out put forward that the entrepreneurs foster a style that is more apt for entrepreneurial administration than conventional administration. Actually, investigating the entrepreneur and conventional administrator profiles, the intrapreneur profile shows so many peculiarities that it might be considered as a third type. As an instance of such studies might be shown that of Gifford Pinchot III, which is very inclusive. The narrowed version of this wide analysis investigating the similarities and differences between conventional administration, entrepreneur and intrapreneur is presented in Table 2 (Berber, 2000 : 34-35).

	<b>Conventional Administrators</b>	<b>Entrepreneurs</b>	<b>Intrapreneurs</b>
<b>Main motivation factors</b>	Promotion and other conventional company rewards (buro general staff, power, etc.)	Freedom, opportunity to be created and money	Freedom and the ability to develop in terms of the company rewards
<b>Activity</b>	Assigning rather than direct participation	Direct participation	Direct participation instead of assigning
<b>Risk situation</b>	Careful	Taking over reasonable risk	Taking over reasonable risk
<b>Status</b>	Focussed on status symbols	Has no relation with status symbols	Not focussed on the conventional company status symbols, willing freedom
<b>Mistake and failures</b>	The exertion to run away from mistake and failure	Tackling mistakes and failures	The tendency not to consider risky projects until being ready
<b>Decisions</b>	Generally in accord with his/her superiors	Follows his/her dreams with his/her dreams	May persuade others to reach a dream
<b>For whom</b>	Satisfies others	Satisfies him/herself and customers	Satisfies him/herself, customers and sponsors
<b>Family background</b>	Generally family members having worked in tremendous organizations	Generally family members that are entrepreneurs, small business owners	Generally family members that are entrepreneurs, small business owners
<b>Relations with others</b>	Mostly hierarchical	Mostly based reciprocal relation and respect	Based on reciprocal relations in a hierarchy
<b>Focussing</b>	Intraorganizational relations	Priorly technology and market	Both inner and outer conditions
<b>Style to solve a problem</b>	Solving problems within a system	Running away from the solution of huge problems by leaving them or restarting the solution	Solving problems within a system

**Table 1:** The Comparison of Conventional Administrator, Entrepreneur and Intrapreneur Profiles

**Source:** Berber (2000 : 34)

Intrapreneurs might, above all, be said to have a profile between entrepreneur and conventional administrator. As examples to this might be given; in terms of main motivation factors, intrapreneur's desire to pick up institution's rewards as in conventional administrator within the frame of entrepreneur's freedom conception; intrapreneur's absorbing the direct participation in his/her entrepreneurial identity instead of assigning people like a conventional administrator; intrapreneur's not running away from mistakes and failures contrary to entrepreneur, but at the same time, his/her exertions not to let his/her company see them; intrapreneur's preference of reciprocal relations within conventional order of hierarchy. Moreover, while the intrapreneur has the tendency to present conventional administrator features like solving problems within the business system, contrary to a conventional administrator who considers opportunities carefully, acts like an entrepreneur by preferring the way of taking over reasonable risks (Berber, 2000).

## **Intrapreneurship**

It is known that the concept of entrepreneurship was used for the first time by Richard Cantillon in the midst of the 16<sup>th</sup> century as an economical term. Contrary to this, we can say that the term, intrapreneurship is a new concept in the literature. Because, it has been put forward that the concept was first used by Ginford Pinchott in 1985.

Although the concept is new, we may come across different concepts that corresponds to the same sense in the literature of entrepreneurship. The mostly used among these are Corporate Entrepreneurship, Internal Entrepreneurship, Corporate Venturing'tir. Corporate Venturing is defined as creating new positions in an already existing organization while Corporate Venturing is defined as the creation of new jobs in an already existing organization for the purpose of taking competitive advantages out of new opportunities (Parboteeah, 2000 : 26).

Even though it has been tried to be defined different ways (Parboteeah, 2000 : 26), Pinchott's definition is accepted as the default one in the literature (Kuratko; Hodgetts, 2000; Antoncic; Hisrich, 2000, 2001). To this definition, entrepreneurship is accepted as entrepreneurship in an already existing organization. In this sense, entrepreneurship is referred to as the entreprising activities of the workers working in an already existing organization. After this definition by Pinchott, some other writers expanded the definition considering the occurring needs (Kuratko et al. 1990 : 49).

Kuratko and Hodgetts (2000 : 95) expanded Pincott's definition as the process of starting a new organization or a reform by an individual or a group working in an already existing organization.

Zahra (1991 : 260) defines the term as all the official or non-official activities carried out for the purpose of creating new jobs through renewing the products or processes; or developing market in an already existing organization.

## **The Need for Intrepreneurship**

The concept of intraentrepreneurship became popular through the end of 1980, and since then, it has become a field that has attracted practitioners. Many factors have played roles for the development and expansion of the concept. Kuratko and Hodgetts (2000 : 96) count some of them as follows:

- Rapid increase in the number of the existing and new competitors,
- Serious increases in the amount of ar-ge spendings,
- Some intelligent and bright people's leaving their organizations and becoming entrepreneurs of small businesses.
- International competition,
- The shrinking of fundamental organizations,
- Rapid changes in technology,
- The desire to make better effectiveness and production.

Hisrich et al. (2005) put forward that the actions in the social, cultural and working levels raise the interest to the concept dramatically. It was mentioned that at the social level, the rise of the conception of "doing what we have" was very effective. Hisrich et al. attract the attention towards the people having the heart for intrapreneurship and report that they they trust their abilities supposing that they have the tendency to create new things with what they have. These people want responsibility and need to get the feeling of freedom in their working environments. Unless there exists this freedom in the environment where they are, these people are disappointed. This might lead to their being less efficient and leaving the organization. Intrapreneurship is one of the measures to prevent these from occurring.

## **The Dimensions of Intrapreneurship**

For the concept of Intrapreneurship to be perceived better, its dimensions must be defined well. Chang (1998 : 187) defines intrapreneurship as the innovations produced internally within the organization. Antoncic, (2000) carrying out researches in the field of intrapreneurship has summarized the literature in the table below.

Authors	Name of the concept	Characteristic Dimensions	Definitions
Miller and Friesen (1983)	Innovation	New products	The introduction of new products and production-service technologies
		Risk taking	-
Covin and Slevin (1986, 1991)	Entrepreneurial posture	Proactiveness	Being above the opponents
		Risk taking	Risk-taking via considering investment decisions and strategic actions
Guth and Ginsberg (1990)	Corporate Entrepreneurship	Innovationism	Expanding the production renewal frequency and technological leadership
		Proactivity	Pioneering, aggression
Zahra (1991, 1993a)	Corporate Entrepreneurship	Internal innovation or venturing	The birth of new jobs in an already existing organization
		Strategic renewal	The cycling of the key ideas in the organization
Lumpkin and Dess (1996)	Entrepreneurship Orientation	Innovation and venturing	The creation of new jobs via the market developments
		Strategic renewal	The re-defining of job concept and re-organization
Knight (1997)	Entrepreneurship Orientation	Autonomy	The independence of an individual or a team for acting
		Innovationism	Firm's supporting and maintaining new ideas
		Risk taking	Perception of unpredictability... The prospects of harm or negation out of the outcomes
		Proactivity	Joining new markets and seizing new opportunities
		Innovationism	The following of the new or creative problems with which the firm faces
		Proactivity	Anti-reactivity and being more aggressive compared with the opponents

**Table 2 :** The Classification of Intrapreneurship At The Organizational Level  
Source: Antoncic (2000)

Given the studies that were carried out in the last years, the concept can be classified under seven dimensions. These are; (1) New Business Venturing, (2) Product and Service Innovativeness, (3) Process Innovativeness, (4) Self-Renewal, (5) Risk Taking, (6) Proactiveness and (7) Competitive Aggressiveness. New business enterprises or new business partnerships means the firm new jobs and its gains related to its already existing products and markets. New business enterprises are regarded as the most essential dimension of intrapreneurship due to the fact that they might result from the creation of new jobs in an organization by reason of the products and services of the organization being re-defined and new markets being improved.

Rather than the new business enterprises, product/service innovativeness dimension means the business' innovation of their products and services due to technological change and development. Intrapreneurship consists of the methods and procedures of new product development, product improvement and new production.

What is meant by self-renewal is the transformation of the organization and the renewal of the key ideas that are a part of the organization that constitute it. This concept means strategic and organized change and it involves activities such as the redefining the concept of work and its reorganization (Antoncic and Hisrich 2000 : 498).

In the broadest sense, risk- taking is defined as the chasing of the opportunities in a fast way and taking brave steps. Since Cantillon, who defines entrepreneurs as the people who take over the risks of profit and loss; risk-taking has been regarded as the most essential concept of entrepreneur and entrepreneurship (by such scholars as Knight, Schumpeter and Mc Clelland).

Risk- taking is a concept which takes place in the nature of all the other dimensions. It is argued that risk- taking has a strong relation to the other dimensions. Furthermore, in recent studies, risk- taking has been spotted as a dimension of entrepreneurship or a peculiar characteristic of it in an organization (Antoncic, 2000). Proactiveness expresses the presentation of a more aggressive attitude compared with other businesses. A proactive business shows tendency to take risks, and is brave and aggressive in terms of finding opportunities. The tendency to compete with opponents is expressed within the dimension of competitive aggression.

The two terms, proactiveness and competitive aggression are generally assigned the same meaning. Although it is regarded as partly true, while proactiveness refers to responding to the opportunities whereas competitive aggression refers to responding to treats.

## **Stages of Creating Intraentrepreneurship**

The organizations that wish to set up an intrapreneurial environment must develop a procedure to realize this (Hisrich et al., 2005). Intrapreneurship, which is defined as an entrepreneurship activity in an already existing organization is composed of a 4-stage process. These stages are, in order, job idea, job plan, finding sponsor and team creation (Arikan, 2003 : 188).

### **Job Idea**

In order to start an intrapreneurship activity, constituting the job idea is prerequisite. The job idea does not always have to be an idea that the entrepreneur has him/herself developed. The job ideas that are gathered from variable sources like customers and colleagues might be turned into intrapreneurship activities. While, under some circumstances, a job idea might create the willingness to constitute an intrapreneurship, it might also be the willingness of a person for enterprise that directs him/her to look for a job idea.

To construct a job idea, one of the essential sources of the entrepreneur is his/her colleagues. Meetings with the colleagues and idea developing methods such as brain storming are the means that might be taken advantage of in the search of the intrapreneurship idea.

Job ideas might also pop up during the investigation of the organization's present functioning or with the detection of its deficiencies. The researches that the firm has not carried out or practiced might give out new job ideas with their new perspectives. Another important source is the technology the firm has. The technological fields where the firm is superior to the others might bring new and untried alternatives.

### **Job Plan**

The entrepreneur that has made his/her mind to apply the job idea in the firm should act in a certain job plan for a successful intrapreneurship. He/she should clearly put forward the strategies and the aim of the job plan trial. The obstacles that might occur inside or outside the firm with regard to the implementation of the work plan should be detected and ways to overcome them should be improved.

The existence of a good job plan is necessary in terms of defining the budget and the strategies of the intrapreneurship and to follow them during the practice stage. The budget and goals which have been constructed have great importance for the firm administrators to foster the intrapreneurship. The intrapreneurship goals, its structure, its risks and appropriateness for the structure of the firm which have been proposed raise the intrapreneurship proposal's chance to be accepted within the firm by being put forward together with the job plan.

### **Finding Sponsor**

Choosing the right sponsor is one of the most eminent factors for the success of the enterprise. The intrapreneur should not take the full responsibility of the job idea that he/she is going to practice. Sponsors are needed within the firm to solve the problems if sources are to be created for the project. These sponsors might be less superior administrators that might help with the daily problems as well as the high- rank administrators who

may protect the firm from the main dangers. At this point, the function of the superior administration is essential. The commitment of the administration is one of the compulsory conditions for an entrepreneurial activity's success.

### **Team Creation and Administrating**

The idea for enterprise might be one's idea, but it is, most of the times, impossible. For this reason, the intrapreneur should construct the best team and direct, administrate his/ her team mates.

### **SMEs in Turkey**

SMEs play a particularly important role in the Turkish economy, because of their number and because of the large share of the workforce involved.

There is no universal definition of SME and the term covers a wide variety of definitions and measures. The most common definition in OECD countries is based on employment figures; correspondingly, an SME has less than 500 employees. The Eurostat definition used in 19 European countries refers to fewer than 250 employees, and it is currently the most widely accepted definition. Some countries use different definitions for manufacturing and services SMEs, with the latter usually defined to be smaller. Some countries distinguish between autonomous SMEs and those connected to a larger enterprise or group, or identify an SME in terms of management structure.

In Turkey, the widely accepted definition points to those with 1 to 50 employees as 'small' and those companies with 50 to 100 employees as 'medium'. In financial terms, an SME would have less than 15 million USD as revenue. Another criteria for an SME has been accepted as "an SME should not be owned by a non-SME firm (or ownership should not exceed more than 25%).". Other non-numeric, rather qualitative traits of an SME are adopted as: the owners are usually the managers, the management style is not hierarchic, usually it is a family business, not quoted on stock markets and most of the time they have financing constraints and find it difficult to trade abroad. (Gungen, 2010 )

SMEs constitute 99.6% of all the enterprises in the manufacturing industry, and accounts for 55.6% of the employment and contribute about 40 % to the GDP. Very large shares of SMEs are in the trade, crafts and industry sectors. The basic targets of SME policies are to increase the productivity of the sector, its share in total value added and its international competitiveness. (Country Partnership Strategy -Turkey: 2009-2010)

SMEs are generally regarded as providing a friendlier environment where structures and process are and must remain simple, flexible and adaptable (Marchesnay, 1992; Gasse and Carrier, 1992; d'Amboise and Muldowney, 1988) In SMEs, decision-making is highly centralised (Deeks, 1976; Charan, Hofer and Mahon, 1980; Welsh and White, 1981, MacMillan, 1975). The resulting structural flexibility is reinforced by the small number of hierarchical levels usually found in smaller organizations (Schöllhammer and Kuriloff, 1979; Robinson and Pearce II, 1984; MacMillan, 1975; Van Kirk and Noonan, 1982; Pearce II, Chapman and David, 1982)

Potential intrapreneurs are usually very easy identified. In most cases, intrapreneurs quickly make themselves known by bringing their ambitions, idea or projects to the attention of their owner-managers. As a result, the logic governing their emergence tends to be one of matching or convergence rather than detection. This type of complementarity could even be regarded as a critical success factor for intrapreneurship in SMEs. While in large business the structures and systems often constitute important barriers to intrapreneurship, in SMEs the owner-managers themselves may become the main inhibitors or, conversely, the best catalysts in the process.

In SMEs employees have easier Access to the entrepreneur or top management. Generally speaking, the intrapreneur-entrepreneur coupling seems at first glance to function more naturally and harmoniously, provided, however, that the intraprenur's compartmentalisation is not significant and where functions are rarely over-specialised. Therefore, in their view, promotion often provides an opportunity to extend their field of action, increase their autonomy and more closer to the owner-managers with whom they would like to share the innovative function in the firm.

### **Result**

In this study, firstly the concept of entrepreneurship, management and intrapreneurship were defined and described the need of intrapreneurship. Then dimension of intrapreneurship explained. And also try to understand the position of the Small and Medium Sized Enterprises in Turkey and defined the intrapreneurship in Small and Medium Sized Enterprises.

In the part of application, we used a scale which done by Heoimonen and Korvela. We translated that scale to Turkish and applied this questionnaire to 120 manager who work in the Small and Medium Sized Enterprises in Turkey. Questionnaire include 7 factors which are Encouragement by management and organization, Individual Motivation, Transparency, openness and community, Individual Competence, Enabling working environment, Encouragement to innovations, Development. The result is that the level of intrapreneurship in Small and Medium Sized Enterprises in Turkey are so high and which is a consistent result at the literature.

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